



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
CARROLL COUNTY CLERK**

Calendar Year 1999

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CONTENTS

PAGE

INDEPENDENT AUDITOR’S REPORT	1
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES	3
NOTES TO FINANCIAL STATEMENT	6
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.....	11



Edward B. Hatchett, Jr.
Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable Gene McMurry, Carroll County Judge/Executive

Honorable Marketta Brock, Carroll County Clerk

Members of the Carroll County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the County Clerk of Carroll County, Kentucky, for the year ended December 31, 1999. This financial statement is the responsibility of the County Clerk. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Clerk's office is required to prepare the financial statement on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles. This cash basis system does not require the maintenance of a general fixed asset group or general long-term debt group of accounts. Accordingly, the accompanying financial statement is not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the County Clerk for the year ended December 31, 1999, in conformity with the basis of accounting described above.

To the People of Kentucky
Honorable Paul E. Patton, Governor
John P. McCarty, Secretary
Finance and Administration Cabinet
Mike Haydon, Secretary, Revenue Cabinet
Honorable Gene McMurry, Carroll County Judge/Executive
Honorable Marketta Brock, Carroll County Clerk
Members of the Carroll County Fiscal Court

In accordance with Government Auditing Standards, we have also issued a report dated March 31, 2000, on our consideration of the County Clerk's compliance with certain laws and regulations and internal control over financial reporting.

Respectfully submitted,

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Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
March 31, 2000

CARROLL COUNTY
MARKETTA BROCK, COUNTY CLERK
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

Calendar Year 1999

Receipts

State Grants-Library and Archives	\$	551
State Fees For Services		4,220
Fiscal Court		14,610
Licenses and Taxes:		
Motor Vehicle-		
Licenses and Transfers	\$	252,266
Usage Tax		1,803,245
Tangible Personal Property Tax		546,294
Licenses-		
Fish and Game		4,245
Marriage		7,038
Deed Transfer Tax		33,688
Delinquent Tax		33,402
		2,680,178
Fees Collected for Services:		
Recordings-		
Deeds, Easements, and Contracts	\$	7,159
Real Estate Mortgages		11,996
Chattel Mortgages and Financing Statements		30,432
Powers of Attorney		544
All Other Recordings		16,007
Charges for Other Services-		
Copywork		1,801
		67,939
Other:		
Overage Received		8,759
Interest Earned		2,096
Borrowed Money-Fiscal Court		4,600
Gross Receipts (Carried Forward)	\$	2,782,953

CARROLL COUNTY
 MARKETTA BROCK, COUNTY CLERK
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 Calendar Year 1999
 (Continued)

Gross Receipts (Brought Forward) \$ 2,782,953

Disbursements

Payments to State:

Motor Vehicle-

Licenses and Transfers	\$ 181,131	
Usage Tax	1,734,541	
Tangible Personal Property Tax	191,521	

Licenses-

Fish and Game	3,496	
Delinquent Tax	4,787	
Legal Process Tax	11,132	\$ 2,126,608

Payments to Fiscal Court:

Tangible Personal Property Tax	\$ 57,185	
Delinquent Tax	3,720	
Deed Transfer Tax	32,004	92,909

Payments to Other Districts:

Tangible Personal Property Tax	\$ 275,071	
Delinquent Tax	15,139	290,210

Payments to Sheriff 1,249

Payments to County Attorney 5,272

Library and Archives Grant 551

Operating Disbursements and Capital Outlay:

Personnel Services-

Deputies Salaries	\$ 100,923
Election Worker's	8,295

Contracted Services-

Advertising	487
Printing and Binding	1,473

Materials and Supplies-

Office Supplies	4,900
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CARROLL COUNTY
MARKETTA BROCK, COUNTY CLERK
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
Calendar Year 1999
(Continued)

Disbursements (Continued)

Operating Disbursements and Capital Outlay:

(Continued)

Other Charges-

Conventions and Travel	\$	55	
Dues		300	
Postage		3,972	
Overages Returned		11,018	
Cellular Phone		325	
Motor Vehicle Refunds		14,897	

Capital Outlay-

Office Equipment		1,829	
Computer Index System		5,157	\$ 153,631

Debt Service:

Fiscal Court	\$	4,600	
Lease Purchases		2,284	6,884

Total Disbursements \$ 2,677,314

Net Receipts \$ 105,639

Less: Statutory Maximum 53,638

Excess Fees \$ 52,001

Less: Expense Allowance 3,600

Excess Fees Due County for Calendar Year 1999 \$ 48,401

Payments to County Treasurer - January 14, 2000 \$ 48,269

March 24, 2000 132 48,401

Balance Due at Completion of Audit \$ 0

The accompanying notes are an integral part of the financial statement.

CARROLL COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 1999

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a cash basis of accounting pursuant to KRS 68.210 as recommended by the State Local Finance Officer. Revenues and related assets are generally recognized when received rather than when earned. Certain expenses are recognized when paid rather than when a liability is incurred, including capital asset purchases. Certain other expenses are recognized when a revenue and the related asset can be associated with a corresponding liability due another governmental entity.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.22 percent through June 30, 1999 and 7.28 percent from July 1, 1999 to December 31, 1999.

CARROLL COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 1999
(Continued)

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits

The County Clerk maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 64.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County Clerk and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 1999, the County Clerk's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the County Clerk's agent in the County Clerk's name.

Note 4. Grant

The County Clerk received a local records microfilming grant from the Kentucky Department for Libraries and Archives in the amount of \$16,278. The unexpended grant balance is \$16,091 as of December 31, 1999.

Note 5. Lease

The County Clerk is committed to a lease agreement with Triple M Business Products for a Toshiba 2860 copy machine. The agreement requires a monthly payment of \$167 for 36 months to be completed on October 25, 2002. The total balance of the agreement is \$5,691 as of December 31, 1999.

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REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Honorable Gene McMurry, Carroll County Judge/Executive
Honorable Marketta Brock, Carroll County Clerk
Members of the Carroll County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

We have audited the Carroll County Clerk as of December 31, 1999, and have issued our report thereon dated March 31, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Carroll County Clerk's financial statement as of December 31, 1999, is free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Carroll County Clerk's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be a material weakness.

Honorable Gene McMurry, Carroll County Judge/Executive
Honorable Marketta Brock, Carroll County Clerk
Members of the Carroll County Fiscal Court
Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

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Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
March 31, 2000

